

RECEIVED
LEGISLATIVE AUDITOR

04 FEB -5 AM 11:41

8545

PROGRESSIVE EDUCATION PROGRAM, INC.

FINANCIAL REPORT

JUNE 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2.11.04

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-7
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	8 and 9
Schedule of Findings and Questioned Costs	10 and 11
Schedule of Prior Year Findings	12



BROUSSARD, POCHE', LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.

P.O. Drawer 307

Crowley, Louisiana

70527-0307

phone: (337) 783-0650

fax: (337) 783-7238

INDEPENDENT AUDITORS' REPORT

Other Offices:

Lafayette, LA
(337) 988-4930

Opelousas, LA
(337) 942-5217

Abbeville, LA
(337) 898-1497

New Iberia, LA
(337) 364-4554

Church Point, LA
(337) 684-2855

To the Board of Directors of
Progressive Education Program, Inc.

We have audited the accompanying statement of financial position of Progressive Education Program, Inc. (a nonprofit organization) as of June 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Progressive Education Program, Inc. as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2003, on our consideration of Progressive Education Program, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Eugene C. Gilder, CPA*

Donald W. Kelley, CPA*

Herbert Lemoine II, CPA*

Frank A. Stagno, CPA*

Scott J. Broussard, CPA*

L. Charles Abshire, CPA*

Kenneth R. Dugas, CPA*

P. John Blanchet III, CPA*

Stephen L. Lambousy, CPA*

Craig C. Babineaux, CPA*

Peter C. Borrello, CPA*

George J. Trappey III, CPA*

Gregory B. Milton, CPA*

S. Scott Sorleau, CPA*

Patrick D. McCarthy, CPA*

Martha B. Wyatt, CPA*

Troy J. Breaux, CPA*

Fayette T. Dupre', CPA*

Mary A. Castille, CPA*

Joey L. Breaux, CPA*

Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980

Leon K. Poche', CPA 1984

James H. Breaux, CPA 1987

Irma R. Walton, CPA 1988

George A. Lewis, CPA* 1992

Geraldine J. Wumberley, CPA* 1995

Rodney L. Savoy, CPA* 1996

Larry G. Broussard, CPA* 1996

Lawrence A. Cramer, CPA* 1999

Michael P. Crochet, CPA* 1999

Ralph Friend, CPA 2002

Broussard, Poche', Lewis & Breaux LLP

Crowley, Louisiana
October 6, 2003

PROGRESSIVE EDUCATION PROGRAM, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2003 and 2002

	2003	2002
Assets		
Current assets:		
Cash - unrestricted	\$ 25,873	\$ 22,045
Grants receivable	19,903	19,001
Investments	5,926	5,560
Other receivables	80	10
Total current assets	\$ 51,782	\$ 46,616
Equipment and software:		
Furnitures and fixtures, at cost	\$ 75,699	\$ 73,233
Computer software, at cost	43,513	43,513
Total	\$ 119,212	\$ 116,746
Less: Accumulated depreciation	(97,322)	(89,046)
Total equipment and software	\$ 21,890	\$ 27,700
Total assets	\$ 73,672	\$ 74,316
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 692	\$ 909
Payroll taxes payable	1,551	3,203
Lease payable	-	2,054
Total liabilities	\$ 2,243	\$ 6,166
Net assets:		
Unrestricted	\$ 68,509	\$ 63,174
Permanently restricted	2,920	4,976
Total net assets	\$ 71,429	\$ 68,150
Total liabilities and net assets	\$ 73,672	\$ 74,316

See Notes to the Financial Statements

PROGRESSIVE EDUCATION PROGRAM, INC.

STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2003 and 2002

	2003	2002
Changes in unrestricted net assets:		
Revenue:		
Grant income - governmental	\$ 215,116	\$ 199,522
Other income and donations	38,409	36,308
Total revenue	\$ 253,525	\$ 235,830
Expenses:		
General and administrative expenses	\$ 33,180	\$ 23,771
Adult education - basic literacy	39,975	27,145
GED - find work	62,617	62,319
Vocational education - find work	112,418	109,647
Total expenses	\$ 248,190	\$ 222,882
Increase in unrestricted net assets	\$ 5,335	\$ 12,948
Changes in permanently restricted net assets:		
Depreciation expense	2,056	2,541
Increase in net assets	\$ 3,279	\$ 10,407
Net assets at the beginning of the year	68,150	57,743
Net assets at the end of the year	\$ 71,429	\$ 68,150

See Notes to the Financial Statements.

PROGRESSIVE EDUCATION PROGRAM, INC.

STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,279	\$ 10,407
Adjustments to reconcile changes in net assets to net cash provided by (used by) operating activities:		
Depreciation expense	\$ 8,276	\$ 10,990
Donated property	-	(909)
(Increase) decrease in grants receivable	(902)	9,907
(Increase) decrease in other receivables	(70)	969
Increase (decrease) in accounts payable	(217)	(10,720)
Increase (decrease) in payroll taxes payable	(1,652)	2,455
Other	-	(5,204)
Total adjustments	\$ 5,435	\$ 7,488
Net cash provided by operating activities	\$ 8,714	\$ 17,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the purchase of fixed assets	\$ (2,466)	\$ (2,000)
Purchase of investments	(366)	(356)
Net cash used by investing activities	\$ (2,832)	\$ (2,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on lease payable	\$ (2,054)	\$ (385)
Net increase in cash and cash equivalents	\$ 3,828	\$ 15,154
Cash at the beginning of the year	22,045	6,891
Cash at the end of the year	\$ 25,873	\$ 22,045
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest paid	\$ 122	\$ 50
<u>SCHEDULE OF NONCASH TRANSACTIONS</u>		
Purchase of copier financed through capital lease agreement	\$ -	\$ 2,439

See Notes to the Financial Statements.

PROGRESSIVE EDUCATION PROGRAM, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

Progressive Education Program, Inc. is a non-profit corporation organized solely and exclusively for educational purposes and to provide educational opportunities for the southern Louisiana region.

The Organization's main source of revenue is received under various agreements with the State of Louisiana Department of Social Services, Office of Family Support. These grant programs include the Find Work GED, Find Work – Vocational Education and Adult Education – Basic Literacy programs of which a portion of the *funding is derived from federal sources with the remaining funding being provided by the state.* The Organization also receives other revenues from various other local charitable organizations as well as individual donations.

Financial Statement Presentation:

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

Contributions:

The Organization has also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed Services:

During the year, the Organization has a number of unpaid volunteers that have made significant contributions of their time. The value of this contributed time is not reflected in the financial statements presented since it is not susceptible to objective measurement or valuation.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets currently ranging from 5 to 7 years. Depreciation expense amounted to \$8,277 for the year ending June 30, 2003.

PROGRESSIVE EDUCATION PROGRAM, INC.

NOTES TO THE FINANCIAL STATEMENTS

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Investments:

The Organization has adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition:

The Organization records grant income as unrestricted income in the period in which the expenditure for the applicable grant program is incurred.

Note 2. Restrictions on Net Assets

Permanently restricted net assets consist solely of assets acquired with government grant proceeds less the depreciation recognized to date on those assets.

Note 3. Investments

As of June 30, 2003, the Organization held \$5,926 in the Institutional Investors Income Fund. This fund was established in 1972 exclusively for religious, charitable, and educational organizations exempt from federal income taxes under Section 501 of the Internal Revenue Code of the United States. Investments of the fund consist of only socially responsible investments, such as government agency securities whose mission is to serve the low-income housing markets of America and certificates of deposits in banks that have community re-investment programs. Total interest income generated by this investment amounted to \$367 for the year ending June 30, 2003.

PROGRESSIVE EDUCATION PROGRAM, INC.

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Leases

In May 2002, the Organization purchased a copier by way of a capital lease agreement. Total costs associated with the purchase amounted to \$4,439 for which a \$2,000 down payment was made with the remaining amount of \$2,439 being financed through a capital lease agreement. For the year ending June 30, 2003 ten payments were made on the lease amounting to \$2,176 including principal and interest of \$122. This lease obligation was fully satisfied for the year ended June 30, 2003.

The Organization currently has an operating lease contract to rent office space beginning January 1, 2003 and ending December 31, 2006. Total rental expense incurred for the year ending June 30, 2003, under the terms of this lease amounted to \$24,000. Future minimum lease payments for the duration of this contract are as follows:

2004	\$ 24,000
2005	24,000
2006	24,000
2007	<u>12,000</u>
	<u>\$ 84,000</u>

Note 5. Federal Financial Assistance

The Organization has been awarded several grant contracts through the State of Louisiana, Department of Social Services, Office of Family Support. These programs are made up of federal and state funds. Total federal funds expended under these programs amounted to the following:

Adult Education – Basic Literacy	<u>\$ 27,558</u>
Find Work – Vocational Education	<u>\$ 83,657</u>
Find Work – GED	<u>\$ 48,294</u>

Note 6. Board Compensation

For the year ending June 30, 2003, the board members did not receive any compensation.

Note 7. Concentration Risks

The Organization is subject to risks resulting from certain geographic and revenue concentrations. The area served is the southern portion of the State of Louisiana. Substantially all of the income received by the Organization is derived from state and federally funded grants, which support the educational programs currently administered by the Organization.



BROUSSARD, POCHE', LEWIS & BREAU, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

122 East 5th St.
P.O. Drawer 307
Crowley, Louisiana
70527-0307
phone: (337) 783-0650
fax: (337) 783-7238

Other Offices:

Lafayette, LA
(337) 988-4930

Opelousas, LA
(337) 942-5217

Abbeville, LA
(337) 898-1497

New Iberia, LA
(337) 364-4554

Church Point, LA
(337) 684-2855

Eugene C. Gilder, CPA*
Donald W. Kelley, CPA*
Herbert Lemoine II, CPA*
Frank A. Stagno, CPA*
Scott J. Broussard, CPA*
L. Charles Abshire, CPA*
Kenneth R. Dugas, CPA*
P. John Blanchet III, CPA*
Stephen L. Lambousy, CPA*
Craig C. Babineaux, CPA*
Peter C. Borrello, CPA*
George J. Trappey III, CPA*
Gregory B. Milton, CPA*
S. Scott Soileau, CPA*
Patrick D. McCarthy, CPA*
Martha B. Wyatt, CPA*
Troy J. Breau, CPA*
Fayette T. Dupre', CPA*
Mary A. Castille, CPA*
Joey L. Breau, CPA*
Terrel P. Dressel, CPA*

Retired:

Sidney L. Broussard, CPA 1980
Leon K. Poche', CPA 1984
James H. Breau, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA* 1992
Geraldine J. Wimberley, CPA* 1995
Rodney L. Savoy, CPA* 1996
Larry G. Broussard, CPA* 1996
Lawrence A. Cramer, CPA* 1999
Michael P. Crochet, CPA* 1999
Ralph Friend, CPA 2002

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Progressive Education Program, Inc.

We have audited the financial statements of Progressive Education Program, Inc. (a nonprofit organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated October 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Progressive Education Program, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Progressive Education Program, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Directors of
Progressive Education Program, Inc.

This report is intended solely for the information and use of the board of directors, management, the Legislative Auditor and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard, Poché, Lewis & Breau, LLP

Crowley, Louisiana
October 6, 2003

PROGRESSIVE EDUCATION PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2003

We have audited the financial statements of Progressive Education Program, Inc. as of and for the year ended June 30, 2003, and have issued our report thereon dated October 6, 2003. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2003, resulted in an unqualified opinion.

Section I: Summary of Auditor's Report

A. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control

Material Weaknesses ☐ Yes ☒ No

Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to the Financial Statements ☒ Yes ☐ No

B. Federal Awards

Internal Control – Not Applicable

Type of Opinion on Compliance For Major Programs – Not applicable

Findings required to be reported in accordance with Circular A-133 – Not applicable

Identification of Major Programs – Not applicable

Dollar Threshold used to distinguish Type A and Type B programs – Not applicable

Auditee considered a 'low-risk' auditee as defined by OMB Circular A-133 – Not applicable

Section II: Financial Statement Findings

2003-1 - Compliance: Report Filing

Finding and effect: The financial report for the fiscal year ending June 30, 2003, was not filed with the Legislative Auditor's office within six months after the close of the fiscal year as required by law.

Cause: The financial report was completed timely, however due to an oversight, management failed to mail the report to the Legislative Auditor in a timely manner.

Recommendation and response: We recommend, and management agrees, that every effort will be made to assure that the report is issued and proper notification to the Legislative Auditor is made in a timely manner.

Questioned costs: \$ -0-

PROGRESSIVE EDUCATION PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2003

Section III: Federal Award Findings and Questioned Costs

Not applicable.

PROGRESSIVE EDUCATION PROGRAM, INC.

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2003

Section I: Internal Control and Compliance Material to the Financial Statements

Not applicable

Not applicable.

Section III: Management Letter

Not applicable.

PROGRESSIVE EDUCATION PROGRAM, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2003

Section I: Internal Control and Compliance Material to the Financial Statements

2003-1 - Compliance: Report Filing

Management has assured that every effort will be made to issue the report in a timely manner.

Section II: Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III: Management Letter

Not applicable.